

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
TUESDAY, JANUARY 12, 2010, 9:00 A.M.
Room W020, House Building, State Capitol Complex

A.M. Session

Members

Present: Sen. John Valentine, Co-Chair
Rep. Melvin R. Brown, Co-Chair
Sen. J. Stuart Adams
Sen. Ross I. Romero
Sen. Stephen H. Urquhart
Rep. Johnny Anderson
Rep. Trisha S. Beck
Rep. Bradley M. Daw
Rep. Kay L. McIff
Rep. Carol Spackman Moss
Rep. Evan J. Vickers
Rep. R. Curt Webb
Rep. Mark A. Wheatley

Members

Excused: Rep. C. Brent Wallis

Staff

Present: Spencer Pratt, Fiscal Manager
Lorna Wells, Secretary

P.M. Session

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Present: Spencer Pratt, Fiscal Manager
Patrick Lee, Legis. Fiscal Analyst
Lorna Wells, Secretary

Public Speakers Present: Commissioner William Sederburg
Regent Bonnie Jean Beesley, Vice Chair, Utah Board of Regents
Pres. Cynthia Bioteau, SLCC
Pres. Michael Benson, SUU
Pres. Michael Young, U of U
Joseph Watkins, Executive Director, Utah Student Association
Matt Haidenthaller, Student Representative, SLCC
Christina Lowe, Student Representative, UVU
Richard Portwood, Student Representative, UVU
Taylor Clough, Studentbody President, U of U
President Michael King, CEU
Pres. Ann Millner, WSU
Vice-President Marvin Dodge, Snow College
Vice President Donna Dillingham-Evans, DSC
Vice President, Frank Lojko, DSC
Pres. Matthew Holland, UVU
Exec. Vice President Raymond T. Coward, USU
Pres. Robert Brems, UCAT
Dr. Michael Petersen, Executive Director, UEN
Dr. David Squire, Executive Dir., UMEC

A list of visitors and a copy of handouts are filed with the committee minutes.

1. Call to Order—Committee Co-Chair Valentine called the meeting to order at 9:15 a.m.

2. Introductions/Subcommittee Overview—Sen. Valentine welcomed everyone to the meeting. Committee members then introduced themselves. He welcomed two new members Rep. Anderson and Sen. Adams. Sen. Valentine asked the institutions reporting to answer three main questions: a) What is the institution's Core Mission? b) What is the ability of the institution to perform the Core Mission in the current budget environment, and c) What are the implications of budget cuts on the economy and workforce as students' ability to access courses is limited?
3. State Budget Update, Directions from Executive Appropriations Committee to Subcommittees - Mr. Pratt stated the Fiscal Analyst's Office would like to make sure that the committee knows the current budget situation and what possible options are available. He presented slides depicting the information. The budget challenge this year is three-fold. On July 1, 2010, \$445 million in one-time back-fill built into the current year's budget will be gone. Most of this money is from the ARRA funds that the Federal Government provided last year. Of that amount, \$296 million is in Public Education and \$64 million is in Higher Education. The rest is spread out through the other state agencies. Right now, state economists are expecting a turn in the economy some time between now and June 30, 2011. However, it is expected that the situation will get slightly worse before it begins to get better. At the same time that there is downward pressure on revenue, demands for government services continue to rise. It is expected that there will be 11,000 new public education students next year, which will cost about \$75 million. Medicaid rolls are projected to increase by 12% (\$83 million). State employee benefit costs are expected to rise for both health insurance and retirement expenses (\$43 million- not including PE). For Higher Education the benefit costs are about \$12.5 million.

FY 2009 ended in the red by about \$16.5 million. This was covered with other funds; but that shortfall does carry forward to FY 2010 and needs to be made up. Revenue projections for FY 2010 are projected to be \$178 million lower than was projected in February of 2009. This would mean a total one-time revenue deficit of \$194 million for FY 2010. In FY 2011, a shortfall of \$88 million is projected, but at the same time there will be a one time increase of about \$100 million due to capital gains tax rate increases. These two amounts combined mean the projected revenue estimate for FY is a positive \$12 million.

The Executive Appropriations Committee has voted to set aside the \$100 million for later use during the session. The Joint Appropriations Committees of the Legislature includes 104 legislators; which are divided into nine appropriations subcommittees; one of those being the Higher Education Subcommittee. The Executive Appropriations Committee reviews and adopts revenue estimates in a meeting in December and again the following February. During the December meeting, the EAC set aside amounts for later consideration, approved a base budget amount, and allocated an amount to each subcommittee. The EAC also looked at the \$100 million of revenue for FY 2011 because of the federal tax change. It set this money aside because it is one-time money and it is an estimate that is yet to be materialized. The EAC is reluctant to include that in spending allocations when it is not a firm number. More current revenue estimates will be available in February, and the \$100 million can be examined at that time. This leaves a one-time revenue deficit for FY 2010 of \$194 million and an on-going deficit in FY 2011 of \$88 million. In the December meeting, the EAC approved a FY 2011 Base Budget at 98% of the FY 2010 on-going appropriated level. Statewide, the 2% difference is enough to cover the \$88 million on-going revenue deficit. This reduction was across the board, all line items were reduced 2% . This was done knowing that the base budget bill is a starting point. Budget bills, supplemental appropriations and other factors can change this. By rule, a base budget must be passed by the tenth day of the session. Other bills will likely affect that base budget bill.

The EAC allocated 95% of that base budget to each subcommittee and asked that the subcommittee come up with a list of reductions for the other 5%.

"We, the Executive Appropriations Committee, are asking the Appropriations Subcommittees to create a list of potential reductions to reach the amounts in this allocations." One of the tasks assigned to the Higher Education Subcommittee is to develop this list of ongoing reductions for FY 2011. This list will be considered by the EAC and the entire Legislature in conjunction with the revenue estimates in February. This committee will need to develop a list to come to that amount.

Rep. Webb asked if the 95% is of the current year. Mr. Pratt responded that the 95% is for FY 2011.

Rep. Brown asked if this includes the 3% cut taken by the Governor's cut. Mr. Pratt indicated that the Governor's order of a 3% cut applied to personal services costs and gave agencies time to implement this before the Legislature started. That 3% can be applied toward the total 4% for FY 2010.

Rep. McIlff asked if the backfill that was approved last year impacts these numbers. Mr. Pratt responded that the FY 2010 appropriation was 17% below FY 2009 in on-going funds; and then factoring in the one-time funds, it is down by 8 - 9%. On July 1, 2010, the incremental one-time money goes away. So the budgets are 17% below FY 2009. There will be an additional 5% cut below this. The revenue requires a 2% decrease.

Rep. Beck also asked for clarification for FY 2010 and FY 2011. For FY 2010, an additional one-time 4% reduction is needed, and then for FY 2011 an on-going 5% cut is being requested.

Mr. Pratt reported that the EAC has requested information on how a 5% decrease could be accomplished. These lists should be the lowest spending priorities, not the highest. For these reductions in higher education it would be \$35.3 million in 2011 and the 4% one-time FY 2010 cut would be \$28.2 million. The 4% cut will take effect as soon as the legislature acts upon it. The 5% cut will not take effect until July, so there is more time to consider these cuts. Mr. Pratt also suggested that Committee members view the 2010 Compendium of Budget Information at <http://le.utah.gov>

Sen. Valentine mentioned that for the first time there are more new students in the Higher Education system than in the Public Education system. The number of new students is 12,642. The committee will have to make recommendations that are not favorable. The committee will partner with higher education institutions.

Mr. Pratt explained that copies of the slides are in the binder. There is a foldout sheet in the binder which shows state-tax funds. For FY 2010, SB 0002 Base Budget provided state appropriated ongoing funds of \$702,511,311. Some one-time changes and supplemental amounts meant that the Total FY 2010 Original Base was \$705,354,700. The Governor issued an Executive Order reducing budgets by 3% of personal services equivalent to \$20,211,600. In order to reach the total four-percent cut, the additional reduction would \$8,002,500. Specific amounts for each institution are also on this sheet. For FY 2011 the Base Budget is 98% of the FY 2010 Base. This is shown and 95% of the Original Base is also shown. The Governor has proposed that the institutions could determine where these cuts would be made. Mr. Pratt also indicated that the Fiscal Analyst has prepared a list for the Senate Majority Leadership of all of the building blocks that have been approved for the past few years, some possible consolidation efforts that could be made, and some

service programs that are a public good but not 100% for educating students. He emphasized that this list is not a cut list; this is a list that could be examined for possible reductions. The Fiscal Analysts will work with the committee to add or subtract items from this list and would be happy to provide additional information to committee members.

Rep. Wheatley asked who compiled the list. Mr. Pratt answered that the list was compiled by the Fiscal Analyst's office.

Sen. Valentine asked Mr. Pratt to distribute copies of this list to the audience and also to post this to the public. Mr. Pratt said that he will do this.

Rep. Daw asked for clarification regarding the \$8,000,000 for the UVU name change. Mr. Pratt said that the list is all funded items since 2007.

4. Higher Education Key Issues - Commissioner Sederburg made a presentation giving an introduction to the Utah System of Higher Education; the missions of the institutions, Commissioner Sederburg discussed the missions as they relate to economic development and discussed the current status of Higher Education in the State of Utah. There are 18 regents in the state, the regents appoint the Commissioner. The Commissioner's Office oversees and tries to coordinate the universities, the Utah Higher Education Assistance Authority and the Utah Educational Savings Plan. He mentioned that the UESP deposits have crossed the \$3 billion mark. The State of Utah has a network of nine higher education institutions. He said that the state should be proud of the way the universities have responded to the economic situation. He discussed the relationship between income and education level in the State of Utah. He also discussed how the core missions relate to this budget environment and their implication to the economy and workforce. The USHE institutions have five traditional roles in the economy: a) provide job training for career and technical education in both credit and non-credit programs; b) provide workforce development by educating individuals for careers where liberal arts give breadth to a career pathway; c) business leadership and entrepreneurial education, d) applied research where individuals investigate the market and apply current technology to this need; and e) basic research, for example the USTAR program. He briefly discussed some of the successes in the USHE system, and reported that Utah is ranked as the most efficient state in the delivery of higher education services in the country. Currently, USHE expenditures are \$1300 per student less than they were in FY 2008. If a 22% cut is required, Utah will be the most negatively impacted state in Higher Education. Enrollments in USHE institutions have increased by 17%, they have eliminated 940 positions. Any additional cuts will clearly cut into quality of education and access for students.

Regent Beesley discussed the fact that several states are increasing funding for Higher Education. She stressed the importance of education and ensuring the future success of education. She mentioned that the early settlers of Utah actually did without, or ate roots and weeds rather than eat their seed corn. She said that Higher Education is the state's seed corn.

Rep. Beck asked how the \$1300 per student is calculated. Commissioner Sederburg said that it is the appropriated level of funding divided by the number of annualized full-time equivalent (FTE) students.

Sen. Valentine reported that the Capital Facilities subcommittee has asked about the use of institutional funds to build buildings. Why are institutional funds being used to build buildings, rather than maintain their operations and maintenance? Commissioner Sederburg said that the issue is that many buildings are built by private resources but the institution will need to cover the

operation and maintenance dollars with state funds. Sen. Valentine said that the subcommittee said that there is \$103 million in institutional funds which are proposed to build five buildings on various campuses this year. These funds are neither federal nor state funds. They are listed in a general category called institutional funds left over from various sources. Are there institutional funds that are not taken into account in the budget process? Commissioner Sederburg reported that he will check into this and report back to the committee.

President Cynthia Bioteau – Salt Lake Community College. Pres. Bioteau discussed the fact that enrollment at SLCC is up 22% from this time last year. She discussed the mission and cornerstones of SLCC as a comprehensive community college. SLCC provided over 37% of the State's Career and Technical Education. She discussed the merger of the Salt Lake/Tooele School of Applied Technology College programs with Salt Lake Community College. After fall registration, enrollments at SLCC's School of Applied Technology are at 127% over last year. She also reported that approximately 10,000 high school students are enrolled in concurrent enrollment courses. SLCC has eliminated 120 positions since last year. Through federal stimulus dollars 241 adjunct faculty were hired, these will go away when the stimulus dollars are gone. Pres. Bioteau also reported that tuition at SLCC is 133% of peer institutions. The core mission is deeply at risk if additional cuts are made. In May 2009, over 3000 students graduated from SLCC, which is ranked fourth in the nation for the number of students awarded an associate degree.

Rep. McIff commented how well SLCC understands its mission. He asked what a 5% cut would do to that mission. Pres. Bioteau indicated that additional cuts would mean actual enrollment caps, the number of sections offered will be reduced, leased sites may have to be discussed, and programs may have to be eliminated. Rep. Wheatley asked specific questions on the affirmative action report. Pres. Bioteau will provide more specific information to the committee. Rep. Anderson asked about tuition increases. Pres. Bioteau reported at neighboring institutions especially the adjoining western states the average tuition cost is about \$2100, at SLCC the average tuition is \$3300.

Pres. Michael Benson – Southern Utah University. Pres. Benson discussed the various points of entry at Southern Utah University. He discussed some of the highlights of the past year at SUU. SUU had a record 1,755 graduates last May; they have small classes taught by full-time faculty, 92% of their classes are taught by full-time faculty. He also discussed liberal education at SUU. SUU is currently looking at a tuition increase. He discussed a new peer set that will be considered by the State Board of Regents that will be a better comparison. SUU lost 27 faculty FTE positions, they have \$1 million in new tuition funds that have been used to backstop the basic academic needs of the campus, the work-study program has been cut by 50%. Students voted to increase 2nd tier tuition last year to allow for more student employment on campus, SUU has closed its student health center, they are also looking at the possibility of cutting some of their graduate programs, and will perhaps have to cut 10 more administrative and staff positions. He discussed the uniqueness of the mission of SUU.

Sen. Valentine asked what would be the effect of an additional 5% cut for FY 2011. Pres. Benson reported that they would have to have larger classes, certain offerings could not be made, more classes would be taught by adjunct, class access would be impacted, and the "SUU experience" would be irreparably harmed. Sen. Valentine asked if a cap on enrollment would be required. Pres. Benson said that an enrollment cap might be necessary. They are looking at a different funding model that would focus on the quality of the education at SUU. Everything is on the table for further cuts, they are delaying improvements to the building. The new science center is being funded by private dollars and \$1.5 million federal dollars.

Sen. Urquhart commented positively on the new liberal arts role at SUU, and supported the idea to look at a new funding model that would focus on quality.

Rep. Moss asked about the enrollment and about losing entire programs. Pres. Benson said that they currently have 6,000 FTE. He reported that German language program has been cut, the Master's of Fine Arts program has been cut, enrollments for a typical graduate course have gone from 25 students to 40 Students.

Rep. Beck asked about feelings of staff and faculty. Pres. Benson said that the budget cuts diminish the ability of the faculty to provide a more personal experience for students.

Pres. Michael Young – University of Utah. Pres. Young explained why it is important to keep research universities strong. The future of Utah is dependent on the strength of its research institutions. He discussed the importance of research on the local and global economy. The University of Utah is leading the nation in the number of spinoff companies created as a result of research at the U. Utah needs competitive research institutions. The 4% cut ends up being about a 12% cut in terms of areas that can be cut, because certain items cannot be cut. This means a cut of \$52 million dollars or 20% of the 2009 state appropriation. The U has taken one building out of service because funds are not available to repair it. They would have to eliminate more faculty positions. At extraordinary risk is the capacity to retain the high caliber faculty at the U, which will have far reaching impacts for decades. Administrative support staff and services to students will be significantly impacted. The U of U has downsized by 355 positions, but more cuts would be made. Support for grant writing would be lost. Their capacity to monitor the many required reporting mechanisms is very challenging. Infrastructure and facilities would be cut. Additional cuts would mean inability to secure grants, inability to carry out current grants, the loss of 7100 jobs created in the State, loss of professors, loss of billions of research dollars to the state, and fewer spinoff of new companies. Pres. Young emphasized that impacts wouldn't be felt immediately, but by the time the impact is felt, it would be too late. This is a time when the legislature needs to consider the far reaching impacts of further cuts to Higher Education

Sen. Valentine asked which building has been taken out of service.

Pres. Young indicated that it is the Life Sciences building, it has been out of service for about a month, one problem is that the hot water pipes in the ceiling are not secure, so this building will not be used for classes this semester. Sen. Valentine reported that in the Governor's budget, the U of U has a new building proposed. He asked about the use of institutional funds with regards to this building. Pres. Young reported that some of the institutional funds are clinical revenues. These funds have to be generated to maintain the hospital. There is currently a \$50 million addition to the Chemistry Building being built. This is funded by a grant which was received several years ago. The grant was matched by private funds. Research overhead has to be deployed for this because of federal regulations. Pres. Young responded that they will give a full and complete accounting of the institutional funds. He assured the committee that if these funds were funds that could be used for other budget items, they would.

Sen. Adams asked about the ability to participate in some of the profits in the start-up companies, and if any returns are being realized from these profits.

Pres. Young said that some revenues are being generated. It is required that some of the revenues be used for further research. Most of these companies are not realizing large profits especially at first.

The main benefit to the state is that the technology or products and services that are now available as a result of this new company. A larger benefit is when alumni are successful and make donations. Alumni are usually very generous to their alma mater institutions. The U has tripled its licensing revenues and tripled the number of technologies available for licensing.

Rep. McIff asked about the positives that come out during challenging times. Pres. Young said one positive that comes is an opportunity to look at efficiencies. Compared to national statistics, and in the western region, Utah is by far the most efficient. Per capita, the University of Utah is the most under-funded university in the nation. The University is looking at ways to use technology to maintain the quality of what they do and at the same time diminish the cost. There is an opportunity to recruit professors from other states who are also struggling. Further budget cuts will prevent this from happening.

Rep. Beck commended Pres. Young on his presentation asked about the medical school and the endowment fund for a dental school. Pres. Young responded that there is a significant amount of private funds to support the construction of a dental school. Currently, the state has an arrangement that a certain number of students complete their first year at the U of U, and then go elsewhere to complete their schooling. The U of U is looking into the possibility of a dental school, meeting with the dental association to see if there is a need. If a dental school was started, the U would want it to be a first-rate school. It would need to integrate into the research mission of the university. There would also need to be a commitment from the State to support a dental school. This year is definitely not the year to ask.

Sen. Valentine stated the according to the Governor's recommendations, "The University of Utah is authorized to plan, design and construct a school of dentistry building with \$37 million institutional funds and donations only. The University may not request state funds for operation and maintenance costs."

Pres. Young said that there are no additional institutional funds for a dental school. Pres. Young has no intention of starting a dental school without cooperation from the State.

Sen. Valentine said that the Governor's recommendations also state that the University of Utah is authorized to plan, design and construct a Henry Eyring Science Building addition with \$17.8 million donations and federal funds only. The University may not request state funds for operation and maintenance costs. Pres. Young said that this is the addition to the Chemistry building that he mentioned previously. Sen. Valentine asked where the O & M dollars would come from for this building. Pres. Young reported that they would use research overhead.

Rep. Moss asked what tuition increase would be needed to help with this budget cut. Pres. Young said approximately a 30 - 40% increase, or a \$2500 to \$3000 increase to make up a 1% budget cut.

Pres. Young stated that the Senior Administrative Leadership Team at the school has taken a 10% salary cut to fund scholarships at the University.

Rep. Moss asked about impact of tuition increases on students at all of the institutions. It would be helpful to see this information from all institutions.

Pres. Young discussed programs to increase funding for first-generation college students. The U is doing everything it can to make this available.

Commissioner Sederburg reported he had obtained more information on the institutional funds. Most of these are funds that are actually privately-donated funds. He will give a one-page summary report of this information to the Committee. Sen. Valentine commented that the use of the term “institutional funds” was quite vague, because these funds are not funds that the universities can use for anything other than specifically designated by the donors.

Sen. Romero asked Commissioner Sederburg if he knew what percentage of the population in Utah has either a two-year or four-year degree. Commissioner Sederburg reported that 38% have either associate or baccalaureate degrees. He doesn't have the exact numbers of each. Commissioner Sederburg will give this information to Sen. Romero.

5. Response from Students. Joseph Watkins, Executive Director of the Utah Student Association. Mr. Watkins explained the purpose and composition of the Student Association. Matt Haidenthaller discussed his experiences at Salt Lake Community College. He discussed the accessibility at SLCC. He works full-time; 50 hours per week, plus is a full-time student. He stated that keeping education affordable and accessible to students is very important.

Rep. Beck asked how many students are on scholarships, and how cuts to scholarships would impact accessibility to students. Mr. Haidenthaller said many of the students are on scholarships and if these were cut, it would significantly impact their ability to attend college.

Christina Lowe from Utah Valley University. Ms. Lowe reported that many sections of classes that are part of core are full, students are not able to get into the courses they need, so then graduation is prolonged. This is having a significant impact on students at UVU.

Rep. Daw asked if it would help the situation if more core classes were offered on-line. Ms. Lowe did say that this is a possibility, but it is a much richer atmosphere in a physical classroom.

Sen. Romero asked if she felt students would be willing to pay increased tuition in order to have more sections offered.

Ms. Lowe said some students may be willing to do this, but for others this would be a great hardship.

Rep. Beck commented that when a core class is not available, which is a prerequisite for another class, this could impact future semesters.

Richard Portwood from Utah Valley University is currently organizing his candidacy for Studentbody President. He asked students at UVU, “If you could change something at UVU what would you do and why?” At least one-third have stated that the classes are full, they are not offered at times that they need. The students need the opportunity to take the classes that are needed to graduate on time.

Taylor Cluff, Studentbody President from the University of Utah discussed the question asked earlier, “Would students be willing to pay additional tuition?” He stated that it is not so much a willingness to pay, but it is more important to look at the question “Are students able to pay increased tuition?” Many students are working part and full-time jobs. Tuition increases mean they will have to work more hours, take fewer classes, or they might have to delay their education. He also addressed the problem of full courses that are needed to graduate.

Rep. Vickers asked Mr. Portwood how he determined to go to college and whether he recognized that it is an investment in his future.

Mr. Portwood stated that he received a scholarship, had an interest in history, and wanted to attend the University. He said that it is an investment and a risk. He asked the question "How many students are able to afford the investment?"

Rep. Vickers discussed the investment return of Higher Education. He would like to have the State recognize this.

Rep. Beck commented how important the scholarship was to Mr. Portwood's education.

Sen. Romero asked how much money is now invested in student loans. He also stated that Utah has undervalued higher education.

Mr. Pratt stated that representatives from UHEAA will come to discuss this issue.

6. Sen. Valentine recessed the meeting at 12:00 p.m.

The meeting reconvened meeting at 2:25 p.m.

7. Higher Education Key Issues (Continued). Pres. Mike King - College of Eastern Utah. Pres. King reported that CEU is a comprehensive community college. CEU focuses on transfer preparation, career and technical education, developmental assistance and lifelong learning. He spoke briefly of their 70+ year history. He also discussed demographics and diversity at CEU. For example at the San Juan Center, nearly 60% of the students are Native American. The Fall 2009 Headcount is up 12.9%. Spring Semester enrollment has also increased. The service region of CEU covers 18,000 square miles in rural southeastern Utah with a population 53,000. Over 70% of students come from Carbon, Emery, San Juan and Grand counties, and 62% of all students for these four counties enrolled in USHE institutions are enrolled at CEU. He discussed the various associate degrees offered, certificates of completion, and other non-credit offerings. CEU is one of the largest employers in the region. CEU is a major sponsor of various events in the area. He discussed the 20% budget reduction. He discussed the 40 personnel who have been cut (15% of the workforce). Additional cuts would have to be from personnel. A mid-year cut will mean 12 more positions would have to be cut. CEU did reduce the number of offerings of adjunct faculty. They have cut operating expenses by 25% and have required employees to pay 15% of their insurance premiums, which amounts to about a 4.5% salary reduction for everyone on campus. They have discontinued programs, they have cut five A.A.S. degrees programs and three certificates to date, they would have to reduce scholarship budgets and increase tuition. For FY 2011 these amounts would be staggering; they would have to eliminate more positions and possibly more programs.

Sen. Valentine asked for clarification and what savings might be realized with a merger with Utah State.

Pres. King stated that initially there probably would not be a savings, but down the road there may be savings. There have been limited conversations about this because it is not a done deal. He concluded expressing great concerns about how the budget cuts affect their mission.

Vice President Marvin Dodge reported on behalf of President Scott Wyatt - Snow College. Mr. Dodge reported that there was a 22% increase in FTE enrollment for Fall Semester, and Spring has increased by 20%. It is a very interesting opportunity to address budget cuts at the same time that enrollments are increasing. The President made up a task force of students, faculty, administration, and staff which developed a plan for the 17% budget cuts. Snow has restructured a number of services, including student services. They wanted reductions to have as little impact on students as possible. Staff positions were eliminated on a 3 to 1 ratio over faculty. Snow has eliminated duplication between campuses, and moved certain programs to only one site where possible. They are in the middle of the construction of the new library, which should be completed in June. They are working to renovate the old library to provide more classroom space. The core sections are full, they have added some adjunct faculty to cover classes, and will possibly be able to add full-time faculty to cover the core sections. Snow is experiencing a shortage of housing. Many students were not able to attend Snow College because of lack of housing. They are working to solve this problem. With additional budget cuts, Snow would not be able to add sections, they would have to have enrollment caps in core classes, and possibly eliminate programs.

Rep. Beck asked about having a cap on future enrollments. Mr. Dodge stated that they do not want to impose caps, but having the core classes full could possibly require this action.

Pres. Ann Millner - Weber State University. Weber State University has introduced a new program at Weber State University which is called "Dream Weber" through a private donation. She discussed the requirements for eligibility in this program, which will allow low-income students to attend Weber State University with little or no tuition. She discussed the impact of the 17% budget cuts at Weber State University. Approximately 85% of their budget is in personnel. Weber had a targeted hiring freeze, severance package, and layoffs. They had 90 fewer employees this year, which is about a 9% cut in personnel. They have had a 25% increase in enrollment. Weber is trying to meet the needs of students. They had 1800 classes that were full. This was particularly true in the General Education required courses. If students can't get those courses and in the right sequence, some full-time students become part-time students and some part-time students do not attend. This also means that many students will have to spend an extra semester in order to graduate. Faculty and staff are stepping up as much as they can. At Weber, about 70 - 75% of the studentbody comes from Northern Utah and 95% stay in Northern Utah, becoming teachers, nurses, etc. WSU is critical for the Northern Utah economy. Additional cuts will be a soft cap on those General Education courses. WSU is offering another severance package and looking for volunteer staff reduction and faculty reduction. These budget cuts also mean that student advisement is drastically impacted.

Sen. Adams asked about on-line classes.

Pres. Millner said that about 17% of courses are offered on-line. This continues to increase. There are also many hybrid courses, where part is offered in person and another part is offered on-line. On-line means that there is a faculty member responsible for individual interaction. These courses require as much of the faculty time as regular courses do.

Rep. Beck asked about the joint ventures with SLCC and Weber State and how information about "Dream Weber" is getting to the public?

Pres. Millner discussed that there is cooperation with SLCC and Weber in several programs; students take courses offered through Weber at SLCC. Weber will be advertising the "Dream Weber" program and would appreciate this committee's help in disseminating the information.

Rep. McIff asked about the morale of the institution.

Pres. Millner stated that the Faculty and Staff have worked very hard because of their commitment, but the challenge is how long this can continue. It may drive faculty to institutions in other states. WSU works hard to recruit quality faculty to their campus. Some other states have made Higher Education a priority.

Rep. Anderson asked specifically about tuition rates at WSU. Press Millner reported WSU is actually lower than the other Rocky Mountain, Western States, and nationally. Weber has tried to make tuition affordable. She would estimate that 98% of the students work full or part-time to attend college. She also reported that approximately 95% of their graduates had a job or were continuing their education.

Ms. Donna Dillingham-Evans reported for Pres. Stephen Nadauld - Dixie State College. Dixie had an enrollment increase of 25% FTE for Fall, and this Spring there is a 30% increase over last year, and last summer there was an increase of 50%. When adding the enrollment growth to the 17% budget cut, each student is receiving far less value per student than in the past. Dixie has an open access population, they are dedicated to continue to meet the needs of the students at Dixie State. At Dixie, 60% of new freshman needed remediation courses. She indicated that it would be very difficult to continue to make sure the average student is able to succeed with additional cuts. The faculty, staff and students are all carrying extra loads but it will be difficult to continue to carry this load. Dixie State created a new more permanent faculty position that is a non-benefit position. There is a loss of these faculty members to the institution. Dixie takes pride in the success of their students, which requires assistance of faculty and staff.

Sen. Valentine asked for clarification of the 60% of new freshman who need remediation. Mr. Lojko said that this is mostly in the area of math, and would be more properly termed, "Not college ready." Sen. Valentine asked if these students paid any additional costs for these remedial courses. Mr. Lojko reported that students do not pay additional costs at the community college level. Sen. Valentine asked if additional costs were incurred by students who had to take these remedial courses. Mr. Lojko said it would greatly impact many students from coming back to college, especially those of marginal incomes. Many students would not have access to education. Sen. Valentine asked if there would be other suggestions to make up the 5% budget cut other than increasing the amount students pay for remedial education. Ms. Evans reported that this type of increase would definitely not be one of Dixie's preferences.

Sen. Urquhart asked if these freshman students are all coming out of high schools. It is important that high school students are college ready, and steps have been taken to ensure that high school students are college ready.

Ms. Evans said that there is a mixture of students, some are adult learners, military personnel, single parents, laid-off workers, as well as high school students. She also reported that there is a decline in remediation; a few years ago this number was at 75%.

Pres. Matthew Holland - Utah Valley University. Pres. Holland discussed the mission of UVU. He discussed the degrees offered at UVU and reported that 84% of their graduates stay in Utah. Their enrollment has grown 20% in the last two years; they have more Spring students than Fall students. They currently have a 15% growth rate. The public school enrollment in their service area is also growing. The ability of UVU to provide for this growth is being compromised because of budget

cuts. He showed how UVU accomplished the 17% budget cuts. They eliminated 65 full-time positions. Because of the budget cuts and the growth, the mission at UVU is in jeopardy. They are responding with more distance education, expanding scheduling options, making summer semester more accessible, and increasing evening and weekend courses. UVU has also worked on the K-16 Alliance. A lead goal of K-12 is to reduce the remedial math issue.

Sen. Urquhart asked the number of students in remedial education.

Pres. Holland stated that there are probably at 60% or more need remedial education in math. The General Education courses are at full capacity. Students can't get the classes that they need; they enroll at the University, but can't get the courses they need. About 1000 students left the school before the third week; many of those are because they couldn't get the courses they need. The recent improvement in the student-faculty ratio is being reversed. It is essential to stem this direction. UVU is desperate for a science building and request a continued one-time backfill for ARRA and rainy day funds for FY 2011. He discussed how much his life has been impacted by the emphasis his parents placed on education and learning.

Sen. Valentine asked Pres. Holland asked how he would make an additional 4% cut for this fiscal year and an additional 5% for FY 2011.

Pres. Holland responded that UVU would have to place more hiring restrictions and reduce carry forward funds. For FY 2011, UVU would have to implement enrollment restrictions, increase tuition, defer maintenance, push advisor and adjunct ratios to pre-university numbers, further reduce sections, and delay graduation for students.

Rep McIff asked if there is a greater need for space for the bodies or for people to teach them.

Pres. Holland said that probably more space would be the greater need, but both are required.

Executive V.P./Provost Ray Coward represented President Stan Albrecht - Utah State University.

Dr. Coward indicated that President Albrecht is currently meeting with the Board of Directors at the Northwestern Association of Accredited Schools.

Dr. Coward discussed the unique position Utah State has as a land-grant college and also a research institution. USU currently has about \$150 million in externally funded research. Utah only has two research institutions, and both are in the top 50 research institutions in the nation in terms of funding. He discussed the fact that regional campuses have experienced tremendous growth. Some time in the near future, there will be more students at the regional campuses than at the main campus. At the main campus in Logan, USU had a modest growth of 3 - 4%. But the regional campuses have had 17% enrollment growth. He also mentioned that non-credit courses in the cooperative extension program serve thousands of individuals. The total budget cuts proposed would amount to about \$35 million. In the first cut of about \$14 million, they lost 162 positions, which included 52 faculty positions and more than 200 courses that are not being held. With additional cuts, USU will lose another 100 faculty and the courses that go with these faculty members. He stated that competition for quality faculty is more intense, that the infrastructure at the university and for research is also deteriorating. In order to make additional cuts, USU would have to have fewer class offerings, larger classes, tuition increases, and program cuts. There would also be reduced access to extension programs and rural economic development, and fewer people to serve a growing population. USU is

impacted in all areas of their mission. There is a tipping point, more cuts will sway that point and would negatively impact everything that has taken decades to build.

Commissioner Sederburg summarized that the College Presidents have done everything possible to take these budget cuts with the least amount of impact to students. He discussed the impact of a 5% additional cut. This means there would be a 22% cut from three years ago, which would be extremely counter productive for every institution.

Sen. Valentine reported that the 22% cut is required by the EAC.

Commissioner Sederburg asked for maintaining flexibility for more budget cuts. It is time for this legislative session to move Higher Education out of the lower right-hand quadrant in national statistics.

Sen. Valentine asked each institution to come back on January 20th with how both cuts could be achieved; the 4% for the current year and 5% for FY 2011. Sen. Valentine also asked each institution to come back with a list of items that are state mandates. These are reports and other items that are required by the state. There will perhaps be a one-time moratorium to not require these items if that would possibly save the institutions budget dollars.

8. Career and Technical Education Key Issues. President Rob Brems - UCAT. Pres Brems distributed the Annual Report that is required by the State. There are eight campuses in the state. He discussed each of these eight campuses. He discussed the core mission, which is to meet the needs of Utah's employers. UCAT is a significant contributor to the economic development of Utah. Since December 2008, UCAT has made budget cuts of \$4 million, 21 programs and 91 positions. If additional cuts have to be made an additional 28 programs and 76 positions would be cut. Membership hours have increased by 8%. Secondary enrollments have been impacted to a greater extent than adult enrollments. Secondary enrollment is down 25%. Pres. Brems will come back next week with the additional cuts.

Sen. Valentine asked about the cost to produce the Annual Report. He asked how many budget dollars would be saved if they didn't have to prepare this report next year. President Brems will report back next week about this.

9. Utah Education Network and Medical Education Council Key Issues. Dr. Michael Petersen, Executive Director - UEN. Dr. Petersen prepared a briefing paper for the committee. He discussed UEN's mission critical services. He discussed the six critical services that UEN provides. The network is a public/private partnership. UEN leases circuits through multi-year contracts. The improvements are an investment in economic development. The funding for UEN comes from the State and the Federal Government, these qualify for the E-rate program. Two-thirds of the amount spent is returned to the State. The annual savings to the state is nearly \$4 million because UEN acts as a public education consortium which benefits the state of Utah. The briefing does show the budget reductions that have been made. Of the total budget, 58% is in circuit and internet charges; so the remaining 42% is personnel expenses, and other expenses. If additional budget cuts must be made, UEN would not be able to accomplish this without deferring basic equipment requirements. UEN would have to eliminate 12 more employees; they have already eliminated 14. It would be extremely difficult to function the level of support and other services with that scope of cuts. UEN has applied for a grant that would be for the amount of \$14 million in federal funding to help UEN connect 88 additional public and charter schools to the network. In order to obtain this grant, they

would have to match some of these funds. Right now, UEN has the ability to do this, but if the budget cuts are made that are on the table today, this will become extremely difficult. Right now there are over 150 schools in the state that have the equivalent of one DSL connection for the entire school to support several hundred students, teachers and staff. There is an opportunity to give them network capability that they need with very limited funds from the state.

Sen. Valentine wanted to make sure that everyone understands the depth of the required cuts. The first cut is the non-restoration of the backfill that was obtained by the ARRA funds; the second cut is a 4% one-time cut for FY 2010; and an additional 5% cut for FY 2011.

Dr. David Squire, Executive Director of Utah Medical Education Council; introduced Sri Koduri, who is the Director of Health Professions. Dr. Squire discussed how the Utah Medical Education Council was created in 1997 through legislative enactment to look at the health care workforce in the State of Utah. At that time there were some severe cuts in Medicare funding that would jeopardize the medical school and the graduate medical education programs in the state. Mr. Squire also discussed the core responsibilities of the Utah Medical Education Council. The UMEC has a strong public/private partnership with health care industry in the state of Utah. He discussed the economic impact of the UMEC and increasing the medical workforce in Utah especially in rural communities. They have increased the number of interns and residents trained in the state by 37% over the past seven years. That is approximately 225 doctors that would not have been trained in this state. The UMEC has developed a new rural training program. They were asked to cut their budget by 17%, but instead cut their budget by 22%. They had to reduce staff, which cut their budget by 22%. They have shifted their focus from expansion to retaining the individuals who are trained in this state to stay in this state, they have tried to manage the workload by using less expensive staff members and interns, and have moved from hard copies to electronic downloadable workforce reports, and electronic data collection. The UMEC is looking to create more partnerships with industry. Their goals are to increase the retention of the healthcare workforce in Utah trained health care workforce. Ten years ago retention rates were at 10% in certain areas; currently retention rates are at about 40% in that area. They also partner with other government agencies to collect meaningful data. He discussed some of other future goals of the MEC.

Sen. Valentine has asked each institution to be prepared to report again on January 20 with how additional cuts would be made. This committee will meet again on Wednesday, January 20, at 1:00 p.m.

11. Rep McIff moved to adjourn

Committee Co-Chair Valentine adjourned the meeting at 4:32 p.m.

Minutes were reported by Lorna Wells, Secretary